

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 COME-00 TRSE-00

OMB-01 IO-14 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 DRC-01 /160 W

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R 100521Z NOV 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 3750

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FOR STATE/AID

E. O. 11652: NA

TAGS: EFIN, CB

SUBJECT: NOUVEAU MARCHE SALES

REF: (A) PHNOM PENH 11133 (B) PHNOM PENH 11398

1. NOUVEAU MARCHE SALES FOR THE PERIOD OF OCTOBER 8 TO NOVEMBER 1 ARE SHOWN IN TABLE 1 BELOW. THIS PERIOD HAS BEEN SOMEWHAT CONFUSING AS SEVERAL SALES OF FX HAVE BEEN MADE THAT WERE NOT REFLECTED IN COMMERCIAL BANK DATA. THESE TRANSACTIONS HAVE BEEN NOTED SEPARATELY AND WHEN POSSIBLE THEIR DATE HAS BEEN MADE EXPLICIT. TWO OF THESE SALES WERE NOT REIMBURSABLE BY THE ESF. THEY WERE FOR \$25,000 AND \$4,000 RESPECTIVELY DURING THE WEEKS ENDING OCTOBER 12 AND OCTOBER 26. THESE SALES ARE SHOWN SEPARATELY (WITH A QUESTION MARK REGARDING THE EXACT DATE) AS OCCURRING BETWEEN THE TWO REGULAR MARKETS DURING THE RESPECTIVE WEEKS. THREE OTHER TRANSACTIONS TOOK PLACE REGARDING PL 480 FREIGHT PAYMENTS. THE FIRST SALE OF FX FOR \$1,000,000 OCCURRED DURING THE WEEK ENDING OCTOBER 19 BUT PRIOR TO THE MARKET ON OCTOBER 18. THE SECOND AND THIRD SALES ARE BELIEVED TO BE CORRECTLY DATED AS TAKING PLACE ON OCTOBER

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18 AND 22. RESPECTIVELY THEY AMOUNTED TO \$2,016,000 AND

\$7,000. INCLUDED IN THE COMMERICAL BANK DATA FOR OCTOBER 29  
WAS \$60,000 FOR FANK POL FREIGHT CHARGES. THIS AMOUNT IS NOT  
REIMBURSABLE BY THE ESF.

TABLE I

DATE	DEMAND	SOLD	MAXIMUM	MINIMUM	RATE
	BID	BID			
10/8	329,000	327,000	320	250	250
10/?	25,000	-	-	250	
10/11	274,000	213,000	320	250	250
10/15	324,000	302,000	320	250	250
10/?	--	1,000,000	-	-	250
10/18	-	2,016,000	-	-	275
10/18	637,000	181,000	365	250	275
10/22	914,000	361,000	376	250	302
10/22	-	7,000	-	-	302
10/?	-	4,000	-	-	302
10/25	177,000	161,000	400	303	302
10/29	128,000	128,000	356	302	302
11/1	71,000	71,000	360	305	302

2. ACTUAL FOREIGN EXCHANGE DEMAND SCHEDULES, AS REPORTED BY  
THE COMMERCIAL BANKS, FOR REGULAR IMPORTS ARE GIVEN BELOW IN  
TABLE II. IT SHOULD BE NOTED THAT THESE SCHEDULES EXCLUDE PL  
480 FREIGHT AS WELL AS SALES NOT REIMBURSABLE BY THE ESF.  
THE RATE COLUMN REPRESENTS THE CUMULATIVE DMAND AT AND ABOVE  
THE RATE SHOWN.

TABLE II

RATE FX DAMAND IN U.S. DOLLARS THOUSANDS

RATE	10/8	10/11	10/15	10/18	10/22	10/25	10/29	11/1
400				4				
390				4				
380				4				
370			7	4				
360		2	7	4				
350		2	54	19	16	9		
340		2	54	27	27	27		
330		2	64	33	29	36		

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320	2	12	14	18	141	170	36	51
310	8	12	14	18	300	177	46	67
300	14	22	28	33	487	177	68	71
290	108	45	77	133	623			
280	172	80	126	336	690			
270	241	239	249	567	900			
260	268	255	299	606	900			
250	329	274	324	637	914			

3. ANALYSIS OF DEMAN: MARKET DEMAND FOR COMMERICAL IMPORTS  
AVERAGED \$355,000 FROM SEPTEMBER 17 THROUGH OCTOBER 15. THE ONLY  
APPARENT REASON FOR THE LARGE INCREASE IN DEMAND ON  
OCTOBER 18 TO \$637,000 WOULD BE GENERAL MARKET NERVOUSNESS WITH  
THE PENDING ARRIVAL OF IMF TEAM. IT IS DOUBTFUL THAT THE  
BNC/ESF FUNDING PROBLEM AT THAT TIME WAS OF GENERAL KNOWLEDGE IN  
THE IMPORTING SECTOR (SEE REF B). HOWEVE, IT WAS THE FUNDING  
PROBLEM THAT CAUSED THE RAE TO MOVE FROM 250 TO 275 ON THAT MARKET.  
AS USUAL THE DEMAND ON THE NEXT MARKET REFLECTED THE UNCERTAINTY  
CAUSED BY THE PREVIOUS RATE CHANGE AS WELL AS THE RETURN DEMAND  
FOR ITEMS NOT FINANCED IN THE PREVIOUS MARKET. AGAIN, THE OVER-  
ALL FUNDING PROBLEM OF THE BNC/ESF WAS THE REASON FOR THE SECOND  
RATE MOVE FROM 275 TO 302. THIS NEW RATE WAS EXPLAINED BY THE  
GOVERNOR OF THE BNC AS POLITICALLY CONSTRAINED. THEREFORE, TO  
INSURE NO IMMEDIATE FURTHER MOVEMENT IN THE RATE UNTIL THE FUND-  
ING SITUATION IMPROVED, THE BNC SELECTIVELY REINSTITUTED ADVNC  
E E E E E E E

## Message Attributes

**Automatic Decaptioning:** X  
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**Concepts:** FOREIGN EXCHANGE  
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